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GENERAL

1. Adenauer disturbed by French Saar policy--US High Commissioner McCloy in Frankfurt has been informed by German Chancellor Adenauer that "there is no possibility" he will be able to bring the Federal Republic into the Council of Europe if the French persist in their present course in the Saar. Adenauer expressed the view that the timing of the French action is the most important element in the situation, and asked that the US and the UK bring pressure to bear on the French to gain more time for a settlement, possibly through direct French-German-Saar conversations. McCloy agrees with Adenauer's opinion that French timing on the Saar projects is "most unfortunate" and expresses the "firm conviction" that the announced French intentions will probably prevent German entry into the Council of Europe.

(CIA Comment: CIA believes that early French action to conclude long-term leases on the Saar mines is likely to jeopardize the chances for German entrance into the Council of Europe. CIA further believes that Adenauer's attitude on the Saar issue is governed primarily by his anxiety to avoid prejudicing the final settlement of German boundaries and partly by his desire to counter German critics of his "pro-French" policy.)

EUROPE

2. BULGARIA: US replies to Bulgarian note -- In response to the Bulgarian note declaring US Minister Heath in Sofia persona non grata, the Department of State is informing the Bulgarian Government that, unless the note regarding Heath is withdrawn and Bulgaria demonstrates its willingness to

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State Dept. review completed

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observe established international standards of conduct, the US Government will be obliged to withdraw the US diplomatic mission from Bulgaria and to request the recall of the Bulgarian diplomatic mission from the US. The Department points out, in support of the US position, that: (a) over a period of years the Bulgarian Government has subjected the US Legation in Sofia to increasing indignities and restrictions; and (b) more than a month ago the Department informed the Bulgarian Government of the very serious view the US was taking of the reckless charges then being made against the US Minister in Bulgaria.